

Message Text

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PAGE 01 QUITO 03308 132116Z

14-11

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

/040 W

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R 132044Z MAY 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5533

INFO AMCONGUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 3308

E.O. 11652: N/A

TAGS: ELAB, PINT, EC

SUBJECT: GOVERNMENT MODIFIES MAY DAY WAGE DECREE

REF: QUITO 3142

1. IN RESPONSE TO LABOR CRITICISM, GOE HAS MODIFIED WAGE DECREE TO RESTORE 14TH MONTH SCHOOL BONUS AND REPLACE COMPLICATED RAISE FORMULA OF ORIGINAL DECREE WITH AN EXTRA MONTH'S PAY SPREAD OVER 10 MONTHS FOR WORKERS EARNING FROM SUCRE 1000 (US\$1.00 - SUCRE 25) TO SUCRE 5000 MONTHLY. SUCRE 5000 WAS AWARDED TO THOSE EARNING BETWEEN SUCRE 5000 AND 6000 AND SUCRE 6000 WAS AWARDED FOR THOSE EARNING ABOVE SUCRE 6000. NEW MEASURE IS RETROACTIVE TO JANUARY 1, 1975, EXCEPT FOR PUBLIC SECTOR EMPLOYEES, FOR WHOM MAY 1 IS EFFECTIVE DATE, AND FOR THOSE WHO HAVE RECEIVED ABOVE 15 PERCENT INCREASE IN LAST 12 MONTHS, FOR WHOM EFFECTIVE DATE IS JANUARY 1, 1976. PREVIOUS AWARD OF SUCRE 250 MONTHLY AS ADJUSTMENT TO COST OF LIVING GRANTED IN MARCH 1975 REMAINS IN EFFECT AS DO INCREASES IN MINIMUM WAGE FOR WORKERS COVERED BY LABOR CODE, ARTISANS AND DOMESTICS PROVIDED IN ORIGINAL VERSION OF DECREE.

2. COMMENT: GOVERNMENT'S REACTION, GIVING SERIOUS
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PAGE 02 QUITO 03308 132116Z

CONSIDERATION TO MEASURED LABOR CRITICISM OF WAGE DECREE,

AND MODIFYING IT, SHOWS GOE WILLING TO RESPOND TO WHAT
IT CONSIDERS JUSTIFIED CRITICISM. IN THIS CASE,
CRITICISM CAME NOT ONLY FROM ORGANIZED LABOR BUT HIGHER
EARNING ADMINISTRATIVE AND TECHNICAL EMPLOYEES AS WELL.
ALL WERE CONCERNED MOSTLY OVER ELIMINATION OF 14TH MONTH
SCHOOL BONUS EVEN THOUGH IT WOULD HAVE BEEN REPLACED BY PAYMENTS
OVER 11 MONTHS. NEW VERSION OF DECREE REDUCES INCREASES FOR
HIGHEST EARNERS BUT GRANTS APPROXIMATELY SAME AS ORIGINALLY
CONTEMPLATED TO OTHERS, ALBEIT IN DIFFERENT FORM. HEMENWAY

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